

1 **Q. Figure 11 on page 24 provides Mr. Coyne’s U.S. Electricity Proxy Group of 10**
2 **utilities. During the 2015-16 Proceedings, Mr. Coyne’s U.S. Proxy Group included 7**
3 **utilities. The differences include the 2018 inclusion of five new utilities: Aliant**
4 **Energy Corp.; American Electric Power Company; Edison International Inc.; PNM**
5 **Resources Inc.; and, Southern Company. The 2018 sample also does not include the**
6 **following two utilities: Great Plains Energy; and, Westar Energy.**

7
8 **Please provide the rationale that led to the change in the U.S. proxy sample used**
9 **during these proceedings.**

10
11 A. Mr. Coyne used the same screening criteria to select his U.S. proxy group in the 2018
12 proceeding and the 2015-16 proceeding. The following summary explains why companies
13 are included in 2018, but were excluded in the 2015, and conversely why companies that
14 were included in 2015 are now excluded.

15
16 Alliant Energy was excluded in 2015 because it did not derive more than 90% of its
17 regulated income from electric operations from 2012-2014. Alliant meets this criterion
18 from 2014-2016 and is now included in the proxy group.

19
20 American Electric Power was excluded in 2015 because its S&P credit rating was below
21 BBB+. AEP meets this criterion in 2018 and is now included in the proxy group.

22
23 Edison International was excluded in 2015 due to the bankruptcy of its energy trading
24 business, Edison Mission International and the corresponding effect on Edison’s stock
25 price. That is not a concern in 2018 and Edison is now included in the proxy group.

26
27 PNM Resources Inc was excluded in 2015 because its S&P credit rating was below BBB+.
28 PNM meets this criterion in 2018 and is now included in the proxy group.

29
30 Southern Company was excluded in 2015 because it was engaged in the acquisition of
31 AGL Resources. Southern meets the merger screen in 2018 and is now included in the
32 proxy group.

33
34 Both Great Plains Energy and Westar Energy are excluded in 2018 because they were
35 involved in a merger that was recently approved by the regulators in Kansas and Missouri.
36 The merger had not been announced in 2015 when Mr. Coyne selected his proxy group in
37 the last proceeding.